



United States Department of Agriculture  
Rural Development

Committed to the future of rural communities.



WI RURAL HOUSING

# NEWSFLASH

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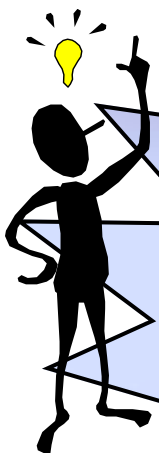
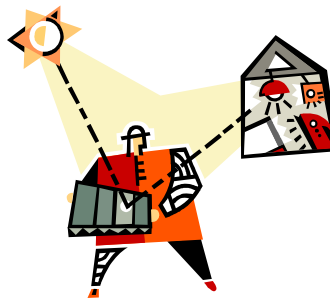
## HOME ENERGY ADVANTAGE PILOT PROGRAM

As part of National Homeownership Month, Rural Development has announced a new initiative to expand access to newer energy efficient homes for our low and moderate income home buyers. **The Home Energy Advantage program allows lenders to expand the applicant's qualifying ratios (both PITI and total debt ratio) by two percentage points if a newer energy efficient home is being purchased.**

This would increase our standard repayment ratios from 29/41 to 31/43 under the Home Energy Advantage program without a ratio waiver from the lender's underwriter.

Homes built to meet or exceed the 2000 International Energy Conservation Code (IECC) are considered

eligible for this pilot program. In Wisconsin, new homes and existing homes built after January 1, 2005 are considered to meet this standard. A home built prior to 2005 may be considered eligible if certified by a qualified inspector that the home meets the 2000 IECC.



### HELPFUL TIP

*Be sure to complete and submit*

*Form RD WI 1980-12 "GRH Loan Application Routing/Cover Sheet for Loan Originators" with your GRH loan application file to your underwriter to ensure your file is sent to the intended Rural Development office for reviewing.*

Visit our website at <http://www.rurdev.usda.gov/wi/>

for complete information on Wisconsin's GRH Loan Program.

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Do you have a question or just want to learn more about the GRH program?

**CONTACT US TODAY!**

USDA Rural Development  
State Office

4949 Kirschling Court  
Stevens Point WI 54481

Phone:  
866-GRH-3600

Fax:  
715-345-7699

E-Mail:  
[RD\\_SFH\\_SO@wi.usda.gov](mailto:RD_SFH_SO@wi.usda.gov)



"The USDA is an equal opportunity provider and employer."

## GRH PROGRAM FUNDING

For Fiscal Year 2006, an appropriation of over \$3.68 billion is available for the GRH loan program. Our fiscal year to date loan activity indicates that approximately 60% of the funding has been utilized nationally. Based on current funds utilization projections, ample GRH funding will be available throughout the remainder of this fiscal year. Please continue to fax your "Requests for Reservation of Funds" to Rural Development as part of your loan processing. *Thank you for your tremendous support of the GRH program.*

**Ample GRH funding  
will be available  
throughout the  
remainder of fiscal  
year 2006!**

## UPDATED FORMS & CHECKLISTS



The updated forms and checklists referenced in this newsletter will soon be available soon in the "What's New?" folder at the GRH Loan Origination and Servicing Handbook website. The internet address for this folder is: <http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/new.htm>

**Form RD 1980-21, "Request For Single Family Housing Loan Guarantee" (Rev. 6-06):** The Applicants' Acknowledgment and Certifications section of this form has been revised to incorporate the certification previously made by the applicants on Form AD 1048, "Certification Regarding Debarment". Please begin using this new form at once and discontinue the use of Form AD 1048, "Certification Regarding Debarment".

**Form RD 1980-16, "Agreement For Participation In Single Family Housing Guaranteed / Insured Loan Programs of the United States Government" (Rev. 6-06):** This form has been revised to incorporate the certification previously made by lenders on Form AD 1047, "Certification Regarding Debarment". Please

begin using this new form at once and discontinue the use of Form AD 1047, "Certification Regarding Debarment".

**"Wisconsin Rural Development GRH Loan Application Processing Checklist" and "GRH Pre-Approval Processing Checklist":** These checklists have been updated to reference the 6-06 revision of Form RD 1980-21, "Request For Single Family Housing Loan Guarantee", and delete the reference to Form AD 1048, "Certification Regarding Debarment".

**GRH Originators Manual:** The manual has been revised to incorporate the expanded repayment ratios for the Home Energy Advantage Program, the changes to the above forms, and new instructions for CAIVRS access.

## GRH LOAN PROCESSING REMINDERS

### CAIVRS Access Instructions

These instructions have been updated to include a link to the [CAIVRS Homepage](#) so that lenders can register to obtain CAIVRS information directly from HUD's website.



**Reminder!**

## FREQUENTLY ASKED QUESTIONS

**Q. How should I document the un-reimbursed employment related expense of an applicant that receives a W-2?**

A. Provide a copy of the applicant's income returns for the past two years showing the amount and type of expense that is being incurred as a result of their employment or profession. RD Inst. 1980.347 (d)(2)(v) permits this type of deduction.

**Q. For self employed applicants, can I add back all depreciation to determine the qualifying and compliance income?**

A. Yes, follow the guidance provided in RD AN 4178, Single Family Housing Guaranteed Loan Program, Determining Repayment Income for Self Em-

ployed Applicants. Only straight line depreciation can be claimed as a business expense to reduce the applicant's household income as per RD Inst. 1980.347(d)(2)(iii).

**Q. Does the entire Offer to Purchase, including all addendums and disclosures need to be submitted to Rural Development?**

A. No, at a minimum the lender must provide the Offer to Purchase including amendments which affect the terms of the sale.

**Q. Do I need to submit an updated Form 1003, Form 1008, and RD Form 1980-21 to Rural Development if the final loan amount or interest rate is reduced from the amounts shown on the Conditional Commitment?**

A. Typically no, since these changes are not adverse to the applicant or the Agency and they will be acknowledged by the Agency when the lender submits their loan closing package. It is recommended that the lender have the applicants initial any revisions to the final loan terms on Form RD 1980-21 at loan closing if the terms have changed since the form was initially completed.

*Do you have a GRH question that you need answered and you think might benefit others using the GRH Program?*

Please send your question to [RD.SFH.SO@wi.usda.gov](mailto:RD.SFH.SO@wi.usda.gov) for a quick answer and to have the question included in a future newsletter.



## USDA RURAL DEVELOPMENT LOCAL OFFICE CONTACTS

### ASHLAND OFFICE

Ashland, Bayfield, Iron & Price Counties  
Iris Sanford (Rural Development Manager)  
715-682-9117 Ext. 4  
[RD.Ashland@wi.usda.gov](mailto:RD.Ashland@wi.usda.gov)

### BARRON OFFICE

Barron, Polk & Rusk Counties  
Cora Schultz (Rural Development Manager)  
715-537-5645 Ext. 4  
[RD.Barron@wi.usda.gov](mailto:RD.Barron@wi.usda.gov)

### BLACK RIVER FALLS OFFICE

Buffalo, Eau Claire, Jackson, Monroe & Trempealeau Counties  
Janeen Folgers (Rural Development Manager)  
715-284-4515 Ext. 4  
[RD.BlackRiverFalls@wi.usda.gov](mailto:RD.BlackRiverFalls@wi.usda.gov)

### DODGEVILLE OFFICE

Dane, Grant, Green, Iowa & Lafayette Counties  
Jay Jones (Rural Development Manager)  
608-935-2791 Ext. 4  
[RD.Dodgeville@wi.usda.gov](mailto:RD.Dodgeville@wi.usda.gov)

### ELKHORN OFFICE

Kenosha, Racine, Rock, & Walworth Counties  
Tony Gates (Rural Development Manager)  
262-723-3216 Ext. 4  
[RD.Elkhorn@wi.usda.gov](mailto:RD.Elkhorn@wi.usda.gov)

### FOND DU LAC OFFICE

Calumet, Fond du Lac, Green Lake, Manitowoc, Sheboygan & Winnebago Counties  
Jo Ann Tyree (Rural Development Manager)  
920-907-2976 Ext. 4  
[RD.FondduLac@wi.usda.gov](mailto:RD.FondduLac@wi.usda.gov)

### MENOMONIE OFFICE

Chippewa, Dunn, Pepin, Pierce & St. Croix Counties  
Cora Schultz (Rural Development Manager)  
715-232-2614 Ext. 4  
[RD.Menomonie@wi.usda.gov](mailto:RD.Menomonie@wi.usda.gov)

### PORTAGE OFFICE

Adams, Columbia, Juneau, Marquette & Sauk Counties  
Julie Giese (Rural Development Manager)  
608-742-5361 Ext. 4  
[RD.Portage@wi.usda.gov](mailto:RD.Portage@wi.usda.gov)

### RHINELANDER OFFICE

Florence, Forest, Langlade, Lincoln, Oneida & Vilas Counties  
Dave Schwobe (Area Director)  
715-362-5941 Ext. 4  
[RD.Rhineland@wi.usda.gov](mailto:RD.Rhineland@wi.usda.gov)

### SHAWANO OFFICE

Brown, Door, Kewaunee, Marinette, Menomoninee, Oconto, Outagamie & Shawano Counties  
Donna Huebner (Rural Development Manager)  
715-524-8522 Ext. 4  
[RD.Shawano@wi.usda.gov](mailto:RD.Shawano@wi.usda.gov)

### SPOONER OFFICE

Burnett, Douglas, Sawyer & Washburn Counties  
Ida Moltzen (Rural Development Manager)  
715-635-8228 Ext. 4  
[RD.Spooner@wi.usda.gov](mailto:RD.Spooner@wi.usda.gov)

### STEVENS POINT OFFICE

Clark, Marathon, Portage, Taylor, Waupaca, Waushara & Wood Counties  
Sharon Olson (Rural Development Manager)  
715-346-1313 Ext. 4  
[RD.StevensPoint@wi.usda.gov](mailto:RD.StevensPoint@wi.usda.gov)

### VIROQUA OFFICE

Crawford, La Crosse, Richland & Vernon Counties  
Susan Weber-Johnson (Rural Development Manager)  
608-637-2183 Ext. 4  
[RD.Viroqua@wi.usda.gov](mailto:RD.Viroqua@wi.usda.gov)

### WEST BEND OFFICE

Dodge, Jefferson, Ozaukee, Washington & Waukesha Counties  
Bob Strunz (Rural Development Manager)  
262-335-6850  
[RD.WestBend@wi.usda.gov](mailto:RD.WestBend@wi.usda.gov)

### RURAL DEVELOPMENT STATE OFFICE

ALL Counties  
866-474-3600  
[RD.SFH.SO@wi.usda.gov](mailto:RD.SFH.SO@wi.usda.gov)